

The Investor's Guide to

SÃO TOMÉ AND PRÍNCIPE



European Business
Council for Africa
and the Mediterranean





THE INVESTOR'S GUIDE TO SÃO TOMÉ AND PRÍNCIPE

Columbia University
New York, August 2008

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Message from the President

As President of the Democratic Republic of São Tomé and Príncipe, I am pleased you are reading this Investor's Guide and hope it will lead you to seriously consider investing in our country.

Briefly, we are small but beautiful! We are a stable working democracy, with a vibrant multi-party system, and without any ethnic, linguistic, religious, or tribal strife. We have among the highest literacy and life expectancy rates in Africa. Our nature is unique in the world, with more endemic species of plants and animals than almost anywhere on earth. We have very low levels of crime. Our people are friendly and welcoming to all. Thus, we have an excellent workforce eager to work for your business.

We are also strategically located in the Gulf of Guinea in the geographic center of the huge markets in West and Central Africa. Our tax and investment codes are favorable. We strive for transparency and good governance. Our government is committed to private sector-led growth.

We stand ready to assist potential investors to find opportunities that will benefit us mutually. We offer excellent opportunities in agriculture, tourism, fishing, regional services, petroleum support, light manufacturing, and we are open to any other suggestions you might bring us.

Please come and learn more. I welcome you most warmly to São Tomé and Príncipe.



Fradique de Menezes
President
Democratic Republic of São Tomé and Príncipe

Preface

This Guide offers the reader a brief description of the African island nation of São Tomé and Príncipe as a location for investment. The principal investment opportunities are outlined, along with an account of the investment climate and the broader context of the country.

Serious investors cannot be attracted to a location through a purely ‘promotional’ approach, one that promotes only the positive while hiding the challenges. This Guide is thus written to be credible. The challenges that potential investors would face are described along with the opportunities they would be missing if they ignore São Tomé and Príncipe.

While by no means the sole driver of growth and development, foreign direct investment does have a distinctive contribution to make. Apart from much needed capital, it can bring know-how, technology, and access to foreign markets. Furthermore, it helps improve the competitiveness of domestic enterprises, which must be the foundation of all growth.

The Guide is intended to make São Tomé and Príncipe better known to investors. Although it is aimed primarily at potential investors, we hope that it will also be useful to the development community, civil society, diplomatic missions, and others.

This document is part of the work supported by the STP Advisory Project. Since mid-2003, the Earth Institute has fielded a committed team of specialists advising São Tomé and Príncipe on a pro-bono basis. Through the Advisory Project, The Earth Institute has provided technical and legal assistance to officials in São Tomé and Príncipe on a range of development and legal issues. The goal of these efforts has been to strengthen democracy, transparency and good governance in STP, while advising the country’s leaders on how best to achieve economic growth and sustainable development.



Jeffrey D. Sachs
Director, The Earth Institute at Columbia University
São Tomé and Príncipe and New York
August 2008

Table of contents

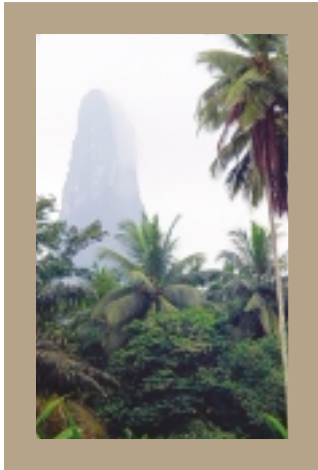
iii	Message from the President
iv	Preface
1	Table of contents
2	Acknowledgements
4	Maps
5	São Tomé and Príncipe in brief
6	Executive summary
8	I. Introduction to São Tomé and Príncipe
8	1. Historical and political context
10	2. Economic context
16	II. Investing in São Tomé and Príncipe
16	1. Opportunities for investors
21	2. Incentives for investors
23	3. The operating environment
31	4. Investment climate at a glance
32	III. Taxes, markets and laws
32	1. Taxation in São Tomé and Príncipe
36	2. Legal and institutional framework
43	3. Markets, treaties and related issues
45	Appendices
45	A. Current foreign investors in São Tomé and Príncipe
46	B. Pointers to further information
47	C. Principal laws and regulations affecting foreign investment
49	Sources consulted

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COREMA, LDA.

IN 20 YEARS, THE UK-BASED COREMA LDA, HAS GROWN FROM A SMALL 3-PERSON COMPANY TO A SUCCESSFUL 30-PERSON ENTERPRISE. COREMA OFFER AIR CONDITIONING, REFRIGERATION, AND OTHER KINDS OF HOME SERVICES THROUGHOUT SÃO TOMÉ. COREMA'S FINANCIAL DIRECTOR, JANE PEREIRA, CALLS SÃO TOMÉ AN "ADVENTUROUS" LOCATION FOR INVESTMENT. "WE'VE FOUND WE CAN LIVE COMFORTABLY WITH A GOOD QUALITY OF LIFE IN SÃO TOMÉ," SHE SAYS, "AND BELIEVE THERE ARE MANY OPPORTUNITIES FOR OTHERS TO JOIN US."



Source: French Ministry of Foreign Affairs



Source: United Nations Cartographic Unit

São Tomé and Príncipe in brief

Official name:	Democratic Republic of São Tomé and Príncipe
Capital:	São Tomé
Form of government:	Semi-presidential Representative Democracy
Head of state:	President Fradique de Menezes
Head of government:	Prime Minister Joaquim Rafael Branco
Location:	In the Gulf of Guinea, off the west-central coast of Africa, 250 kms (150 mi.) from Gabon
Surface area:	1,001 sq. km. (386 sq. mi.)
Climate:	Tropical. Average temperature 26° C (78° F) on the coast; lower in the highland. Dry season June to August. Short periods of tropical rains during the rest of the year.
Population:	160,000 (estimate, 2007)
Religion:	Christian, mainly Catholic, remainder evangelical Protestant and Seventh Day Adventist
Language:	Portuguese (three local Creole languages are also spoken: Santomé, Ngola and Lung'iyé)
GDP:	USD 72 million – at purchasing power parity, USD 280 million (estimate, 2005)
GDP per capita:	USD 400 – at purchasing power parity, USD 1,200 (estimate, 2005)
Currency:	Dobra (Db)
Exchange rate:	USD 1 = Dobras 14,600 (May 2008)
Economic activity:	Cocoa, coffee, fishing, tourism
Time zone:	Greenwich Mean Time (GMT)

Source: Columbia University, drawing on various sources.



EXECUTIVE SUMMARY

São Tomé and Príncipe (STP) is a small island nation straddling the equator off the west coast of Africa. For some 500 years, until independence came in 1975, it was a Portuguese colony, run for much of that period as a slave economy, producing sugar at first and then cocoa. Cocoa is still the primary export crop, grown on what were once large Portuguese estates and are now smallholdings of a couple of hectares apiece.

Starting with little at independence in 1975, the country has slowly evolved from a single-party socialist state into a vibrant multi-party democracy. STP has a free press, no serious human rights abuses and one of the highest literacy rates in Africa. Unlike many African countries, it is free of ethnic tensions and violent crime.

It is also poor, with a GDP per capita of around USD 400. Its small domestic market (population 160,000) and long isolation has made it difficult for STP to attract investment. As a result, it has remained an economy of subsistence farming and fishing. This is a pity, because STP has some remarkable resources for economic activities that could lift the country out of its subsistence rut. It is an unspoiled island paradise, with an astonishing concentration of bird species; beaches blessedly free of crowds of package tourists; and an ocean teeming with whales, dolphins, leatherback turtles and other aquatic life. Its volcanic soil and abundant rainfall yield a great variety of flowers, fruits and vegetables that could find welcoming markets on the West African coast as well as in Europe. As what the United Nations calls a 'least developed country', STP has preferential access to two of the world's richest markets, the European Union through its Everything But Arms (EBA) initiative and the United States through its African Growth and Opportunity Act (AGOA).

And then there is oil. STP lies in the Gulf of Guinea, a well-known oil zone. An agreement with Nigeria on joint exploration for petroleum (on a 40:60 basis) is now in place and several blocks are already being explored by international oil companies. One of the opportunities that this offers is in the provision of a variety of services to expatriate employees of foreign firms. Of course, when oil production actually starts in the next 5-10 years, it will pump enormous revenues into São Tomean coffers, and have a significant impact on per capita incomes. However, this could prove to be a mixed blessing. As it happens, the Government is keenly aware that a flood of oil revenues could have large destabilizing effects and has moved with some

speed to put safeguards in place. The country's Oil Revenue Management Law has been widely regarded as a model of its kind.

The principal challenges for STP are improving its investment climate and upgrading its infrastructure. There is action on both fronts. On the first, for example, the Government is moving to reduce the time it takes to get a business started from more than four months to less than four days. On the second, the difficulties are many and complex. Roads are in poor shape, power black-outs are common, and the port and its equipment impose major limitations on seagoing cargo. However, a number of important measures are being taken to address these constraints. The electricity agency, for instance, is planning to increase its capacity (through mini hydropower plants among other things). In a major development for São Tomé and Príncipe, in August 2008 the country signed a USD \$400 million contract with Terminal Link, a wholly-owned subsidiary of the French shipping giant CMA-CGM, for construction of a new deep-water port that should bring thousands of jobs to the islands and make the country a regional hub for contained shipping in West Africa.

Investors in tourism and fresh-produce exports, in particular, should think with some urgency about locating in this country. STP is a tiny place. It could easily get saturated.





1. INTRODUCTION TO SÃO TOMÉ AND PRÍNCIPE

1. Historical and political context

São Tomé and Príncipe (STP) consists mainly of two small islands about 250 kms west of Gabon in West-Central Africa. The islands were colonized by Portugal in the late 15th century and a sugar industry was developed with the use of slave labor in the 16th. Sugar was replaced by cocoa in the 19th century. Cocoa remains to this day the principal crop and accounts for nearly all of STP's limited export of goods.

The dominant feature of the economy from the earliest days was the system of plantations, called *roças*, run initially with slave labor and, from the late 19th century, with free labor that worked under conditions not much better than the slaves had. The owners and managers of the plantations were Portuguese and little effort was made to train Africans to assume management responsibilities.

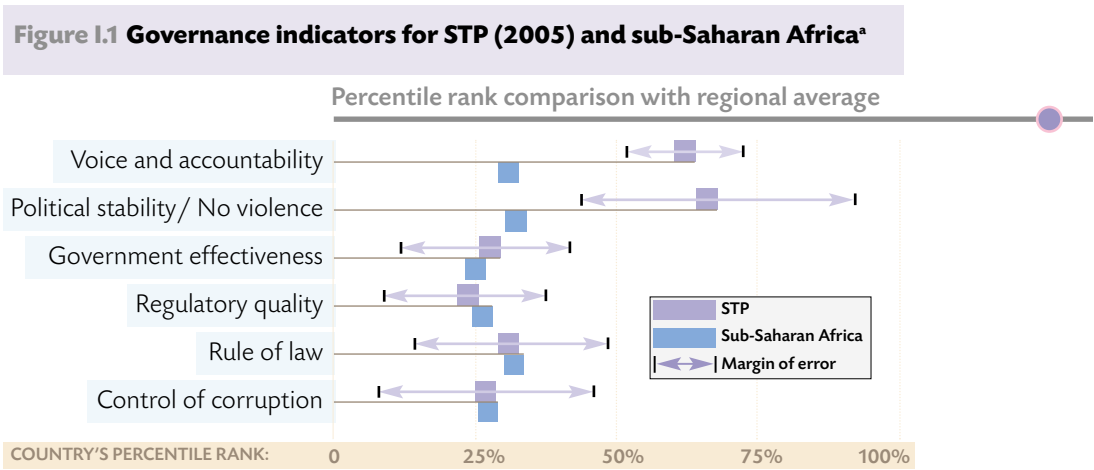
When independence came in 1975, several thousand Portuguese residents left the country, taking with them most of STP's skilled human resources. STP was left with just a few primary schools, only one secondary school for the entire country, and not a single university or technical training institution. São Tomeans forming the first government found they had only four doctors, a handful of teachers, and no resources or equipment to secure the country's sole source of income: cocoa exports. The legal framework needed for a modern economy was either non-existent or seriously outdated. It is worth noting, however, that, although an estimated 54% of the population lives below the poverty line, a number of STP's socio-economic indicators are much better than elsewhere in Africa, with life expectancy at 70 and a literacy rate of 83%.

In common with most African countries emerging from colonial rule, STP began as a one-party state. Beginning in the early 1990s, the country implemented democratic reforms and moved towards a multiparty system. That system is now firmly in place, with the fourth parliamentary election being held in 2006. An attempt at a military coup in 2003 was thwarted with no loss of life. Democratic politics is practiced vigorously in STP, with five political parties represented in parliament. Freedom of expression is secure and there are no flagrant abuses of human rights.

The current head of state is Fradique de Menezes, who is serving his second five-year term as President. The Prime Minister and head of government is Joaquim Rafael Branco. The National Assembly has 55 members and a four-year term. The country is divided into six municipal districts on São Tomé island, along with the province of Príncipe. Although there are a number of

very small islands other than the two main ones, the population is concentrated on São Tomé island, with only several thousand on Príncipe island. São Tomé is about 50 kms long and 32 kms wide, while Príncipe is about 30 kms long and 6 kms wide. Since 1994, the island of Príncipe has had limited autonomy, with a Regional parliament and a Regional President accountable to São Tomé.

Figure I.1 compares the quality of STP's governance with the average for sub-Saharan Africa. Note that in both *voice and accountability* and *political stability*, STP does vastly better than the broader region. It also does noticeably better in ensuring the rule of law. On the other hand, its regulatory quality, reflecting the paucity of resources referred to above, is poor even by African standards, which are hardly the most demanding.



Source: World Bank, Worldwide Governance Indicators, 1996-2006, http://info.worldbank.org/governance/wgi2007/sc_chart.asp.

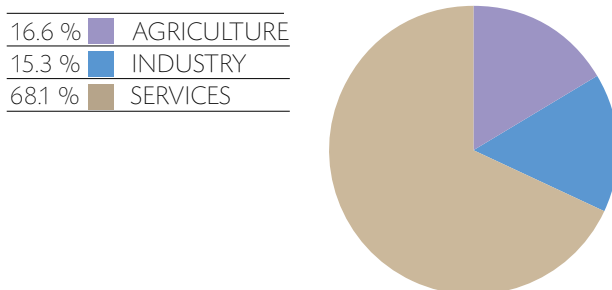
* The chart depicts the percentile rank on each governance indicator. Percentile rank indicates the percentage of countries worldwide that rate below the selected country (subject to a margin of error). Higher values indicate better governance ratings.

2. Economic context

The newly independent STP began by adopting a socialist model. The state controlled and ran most of the economy including, in particular, the *roças* abandoned by the Portuguese. As elsewhere, the model was not an economic success and, in the late 1980s, the country began moving towards a market economy. The plantations, which had always occupied most of the arable land in STP, were privatized, with most of their land going to their workers in small parcels. Most of these smallholders practice subsistence agriculture and lack access to modern methods, fertilizers and the like. There is a good deal of artisanal fishing and growing activity in tourism and small-scale industry.

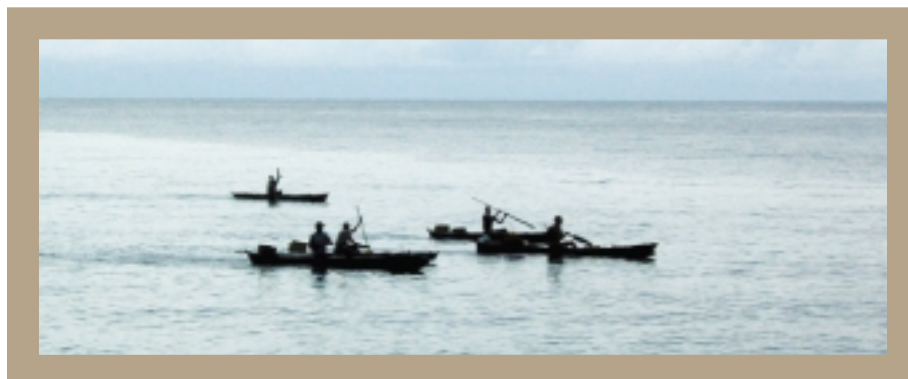
The sectoral contributions to GDP are shown below in Figure I.2.

Figure I.2: Sectoral contributions to GDP, 2006^a



Source: Government of the United States, June 2007,
<http://www.state.gov/r/pa/ei/bgn/5434.htm>.

^a In 2005, the GDP was estimated to be around USD 72 million.



Recent developments

An IMF report in July 2007 (IMF Country Report No. 07/267) noted that the Government had made substantial progress in reforming economic governance, although not as rapidly as might have been hoped. A new organic budget law (SAFE), introducing greater transparency, was adopted in early 2007. The Government plans to build upon the recent progress in macroeconomic stabilization and to further reduce inflation, which is now at 17%, down from 24% a year earlier.

A tax reform package has been submitted to parliament which includes a new corporate income tax law, a new personal income tax code and a new urban property tax code. A new customs code is also in the works. The reform agenda focuses on strengthening public resource management (of special importance in the context of the expected oil revenues – see box I.1 below) and improving the business climate. The Government is aware that the cost of investing in STP, in both time and money, needs to be reduced. One step towards such reduction is a new law, as yet in draft form, that will create a ‘one-stop shop’ for business registration and related administration. The objective is to reduce the time needed for starting a business from over 140 days to below 4 days!



Box 1.1: Oil in STP

The islands of São Tomé and Príncipe lie in the Gulf of Guinea, which is known for its oil resources. In 2001, STP and Nigeria settled a disputed maritime boundary and agreed on joint exploration for petroleum on a 40:60 basis. The joint development zone (JDZ) opened for bids by oil firms in April 2003. (STP also has an Exclusive Economic Zone (EEZ), the profits from which do not have to be shared.) The winning bid for the first of nine blocks was made by a consortium including ChevronTexaco (51% stake), ExxonMobil (40% stake), and the Norwegian firm Equity Energy (9% stake), with STP to receive 40% of the USD 123 million bid. Five more blocks were allocated in June 2005 and Chevron began exploratory drilling in January 2006.

Chevron announced in May 2006 that it had discovered hydrocarbons in Block 1, and subsequently stated that the amounts found were not commercially exploitable (Chevron, 2006). This dampened some of the earlier enthusiasm both within STP and outside it. Nevertheless, it is generally agreed that STP has considerable oil reserves, even if not the billions of barrels once expected. The operators of blocks 2 and 3, Canada-based Addax Energy, and of block 4, the China Petroleum & Chemical Corporation (SINOPEC), remain optimistic about finding oil. The two companies plan to drill five definite and five optional wells not before 2009 (EIU, July 2007). STP also plans to launch a first licensing round in its Exclusive Economic Zone (EEZ) in 2009.

Once oil production starts in the next 5-10 years, it is certain to transform the country's economy. Even if oil prices were substantially lower than they are today (over USD 130 a barrel, as of May 2008), this would pump enormous sums into the island economy.

Anticipating the potentially destructive impact of these oil receipts, the government has adopted an Oil Revenue Management Law that is widely regarded as a model of its kind. The law was developed by advisors from The Earth Institute at Columbia University in cooperation with the World Bank and local advisors. It calls for i) the establishment of a single national oil account (Conta Nacional de Petróleo) with a custodian foreign bank (the U.S. Federal Reserve) to collect all oil revenue; ii) the creation of a Permanent Fund (Fundo Permanente) where a percentage of oil revenues will be kept for future generations; iii) the regular auditing of oil revenue accounts by a reputable international accounting firm; and iv) the setting up of a Petroleum Oversight Commission (Comissão de Fiscalização do Petróleo) to monitor oil revenues and a Public Registration and Information Office (Gabinete de Registro e Informação Pública) that would store all documents and information related to the hydrocarbon sector and make them available to the public. The law also prohibits the investment of oil receipts in assets within the country as well as any government borrowing with oil revenues as collateral. Finally, the law places various restrictions on the use of oil revenues by the government. The general idea is to avoid the common problems associated with such a bonanza: the sudden appreciation of the local currency, the loss of competitiveness by non-oil tradable products, inflation, corruption and so forth. Much will depend on the implementation of this enlightened legislation.

Oil licensing in STP has already led to some controversy. In particular, alleged irregularities in the Nigeria-STP Joint Development Zone have caused delays in the final awarding of blocks.

Source: Columbia University, drawing on various sources.



Market size and access

The STP market is tiny in itself. However, there are large markets not too far away, all along the West African coast. In addition, as a 'least developed country', a UN category indicating low incomes and little development, STP has access to several rich markets overseas, in particular those of the European Union and the United States, under the preferential treatment offered by the EU's Everything But Arms (EBA) initiative and the US Africa Growth and Opportunity Act (AGOA) – see Chapter III.3, Markets, treaties and related issues.

This access and the proximity to West Africa would mean little if STP had the kinds of simmering tensions or outright violence that characterize so many African countries. But this is where STP offers prospective investors something entirely different: no civil strife, no religious divides and no violent crime.

Specific areas of investment opportunity are described in Chapter II below.

Foreign trade

STP's exports are small in value, estimated at USD 4.4 million for 2007 by the Economist Intelligence Unit (EIU, October 2007). Cocoa continues to earn pretty much the only foreign exchange there is, outside of loans and grants from international donors. Imports on the other hand are substantial, leading to an estimated current account deficit of nearly USD 58 million in 2007 (EIU, October 2007). The leading import items are food, petroleum products, and machinery and equipment. The substantial current account deficit is covered mainly by aid from bilateral and multilateral donors.

The exported cocoa goes to The Netherlands and Belgium, while small quantities of other agricultural products go to Gabon and Angola. More than half of all imports come from Portugal. The remainder are divided among Belgium, France, Angola, and Japan (rice).

The composition of STP's exports and imports of food, alcohol and tobacco in 2004, as supplied by the Food and Agriculture Organization of the United Nations (FAO), appears in tables I.1 and I.2 below.

Table I.1: Principal exports of food and related products, 2004

	Commodity	Quantity (Mt)	Value (000 USD)	Unit value (USD)
1	Cocoa Beans	2601	P 4006	P 1540
2	Coconut Oil	160	P 79	P 494
3	Palm Oil	42	P 59	P 1405
4	Coconuts	367	F 42	F 114
5	Beer	12	F 15	F 1250
6	Roots & Tubers	77	F 9	F 117
7	Dry Beans	15	F 8	F 533
8	Dried Fruits	16	F 5	F 312
9	Pulses	24	F 2	F 83
10	Soybean Oil	1	F 1	F 1000

Table I.2: Principal imports of food and related products, 2004

	Commodity	Quantity (Mt)	Value (000 USD)	Unit value (USD)
1	Wine	3627	P 2221	P 612
2	Prepared Food	858	P 2100	P 2448
3	Rice	2773	* 1800	F 649
4	Wheat Flour	5024	P 1724	P 343
5	Non-Alcoholic Beverages	3406	P 1365	P 401
6	Soybean Oil	1370	P 1324	P 966
7	Powdered Milk	472	P 1239	P 2625
8	Beer	1626	P 790	P 486
9	Refined Sugar	2281	P 704	P 309
10	Chicken	491	P 591	P 1204
11	Dry Beans	585	P 469	P 802
12	Distilled Alcoholic Beverages	235	P 413	P 1757
13	Pork Sausage	174	P 406	P 2333
14	Tomato Paste	389	P 368	P 946
15	Malt	680	P 299	P 440
16	Baked Goods	226	P 286	P 1265
17	Confectionery Sugar	99	P 281	P 2838
18	Sugar (Centrifugal, Raw)	248	P 268	P 1081
19	Margarine + Shortening	215	P 239	P 1112
20	Cigarettes	40	P 237	P 5925

Source: Adapted from the Food and Agriculture Organization of the United Nations (FAO), Imports - Commodities by country, <http://www.fao.org/es/ess/toptrade/trade.asp?lang=EN&country=193>.

F : FAO estimate. **M** : Data not available. **T** : Trend calculation.

* : Unofficial figure. **Mt** : Metric Ton. **P** : trading partner estimations.

Foreign investment, aid and debt

STP's size, combined with its lack of human and financial resources, has made it difficult for the country to attract foreign direct investment (FDI). When cocoa plantations were first privatized in the late 1980s, the government owned fifteen *empresas* (state farms). Between 1986 and 1990, management of five of these plantations was transferred to foreign investors (Agua Izé, Uba-Budo, Santa Margarida, Bela Vista, and Monte Café) and two (Agostinho Neto and Diogo Vaz) were transferred to local investors. The other eight *empresas agrícolas* did not attract private investors and remained in government hands. It was only in 1993 that the government started to distribute state-owned land to plantation workers, and only in 1996, after the failure of all but one of the seven privately-owned state farms (Bela Vista) to make a profit, that the World Bank recommended that the government increase the area of privately-owned land for distribution to smallholders (Seibert, 1999).

According to the United Nations Conference on Trade and Development (UNCTAD), FDI flows averaged USD 4 million a year in the 1990s and declined thereafter, turning negative in 2004 and 2005 (Country fact sheet, 2007). UNCTAD estimated total FDI stock in the country in 2006 at USD 16 million.

Most investment has come from Portugal, with a small amount from Angola and, more recently, from Nigerian and Cameroonian banks. A Togolese bank (ECO-Bank) opened its doors in 2007 as the first investment from that country.

Aid and debt

STP has been dependent on bilateral and multilateral aid and loans since independence in 1975. In 2005, total external debt outstanding was estimated at just under USD 300 million. In 2007, the IMF and the World Bank agreed (IMF press release, 16 March 2007) that STP had reached the Completion Point under the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative. To reach this point, STP had to show that it had maintained macro-economic stability, developed a national poverty reduction strategy (Government of STP, 2002), and strengthened governance in a variety of areas, including the nascent petroleum sector. As a result, the country is expected to receive the equivalent of USD 314 million in total nominal debt relief under the HIPC Initiative and the Multilateral Debt Relief Initiative (MDRI), on principal as well as interest payments.



II. INVESTING IN SÃO TOMÉ AND PRÍNCIPE

1. Opportunities for investors

Priority areas

Investment priorities for the Government of São Tomé and Príncipe lie in:

- agriculture,
- fisheries, and
- tourism.

Agriculture

Agriculture is the dominant sector in the São Tomean economy, at least as far as employment is concerned (perhaps 70%), although it accounts for less than 20% of the GDP.

When cocoa plantations were first privatized in the late 1980s, the government owned fifteen empresas (state farms). Between 1986 and 1990, management of five of these plantations was transferred to foreign investors (Água Izé, Uba-Budo, Santa Margarida, Bela Vista, and Monte Café) and two (Agostinho Neto and Diogo Vaz) were transferred to local investors.

In the years before independence, the Portuguese landowners stopped investing in the plantations and, after independence, the Portuguese owners returned to Europe taking much of the technical knowledge and capital with them, leaving thousands of workers with more than a year's wages in arrears. The problems of the plantations were exacerbated by corruption and mismanagement. The state was forced to rehabilitate the plantations with little capital and, predictably, they collapsed. When the World-Bank-inspired privatization occurred, most of the arable land was divided into small plots, but again, the smallholders were given little training, equipment, seeds, capital, or access to credit. A few plantations are now being run by São Tomean business interests, including the Willy Plantation in the south and the Diogo Vaz Plantation in the north, which is operated by the SODEAP consortium. An Italian investor is operating a coffee plantation on São Tomé island (Nova Moca) and a cocoa plantation on Príncipe island (Terreiro Velho).

Since the redistribution of the large cocoa plantations in the early 1990s, smallholders have carried out most agricultural production. Since cocoa alone does not guarantee a livelihood, many find supplementary work growing vegetables, fruit, vanilla and pepper for export. Though cocoa looms large in the

STP economy, the country's share of the world market is estimated at only 0.11% (2000-2005) by the International Cocoa Organization (ICCO). Nevertheless, São Tomean cocoa is prized for its high quality, and is often blended with lower quality cocoas to improve the overall product. There is also a growing "organic" cocoa sector.

Foreign investors can play a critical role in helping farmers improve cocoa yields through better varieties; better harvesting, fermentation and drying techniques; and superior marketing. They can also help smallholders diversify into high-income produce such as fruits and flowers. As has been shown in other African countries, both parties gain when the investor supplies expertise, credit and access to foreign markets, while the smallholder supplies land and labor, greatly expanding the volume of the investor's exports. Even in STP, the model is already working, according to a recent World Bank study (World Bank, 2006). Diogo Vaz, which has 600 ha of cocoa, buys three times as much cocoa from out-growers as it produces directly. The flower exporter Flora Speciosa intends to expand further its cadre of selected outgrowers, whom it supplies with technical assistance.

The potential for high-income agricultural produce in STP is considerable, given the soil and the rainfall. Markets for such products can be found along the coast of West Africa as well as abroad. Green bananas, for example, are currently produced to be sold in Gabon. The World Bank study mentioned above has suggested that the exploitation of niche markets for crops such as exotic flowers, medicinal herbs and aromatics, pepper and vanilla, as well as other tropical fruits and vegetables *contre-saison* may have serious potential to generate export revenues.

Tropical fruits abound in the STP islands. Local farmers say that anyone who stands too long for a chat with a wooden cane posed on São Tomean soil will soon see roots sprouting. There are numerous kinds of banana, papaya, mango, melon, breadfruit, limes and lemons. There are also vegetables in great variety, including tomatoes, cucumbers, lettuce, cabbage, hot peppers, pumpkins, sweet potatoes, corn, and manioc.

Oil palm is another crop with potential in STP, with large spreads of oil palm already available, which could yield cooking oil, animal fodder and raw material for the manufacture of cosmetics, detergents and pharmaceuticals. A formerly state-owned oil palm plantation, Emolve (Empresa de Óleos Vegetais) is available for rehabilitation. Palm oil is already being exported, along with cassava meal, to the Portuguese ethnic market.

An indication of current agricultural production is provided by Table II.1 below.

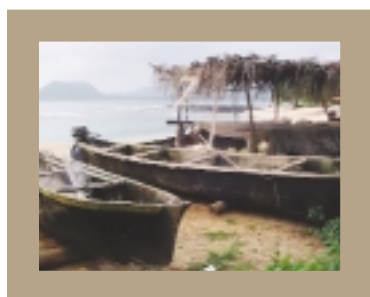
Table II.1 Top 20 food and agricultural commodities in STP, 2005

	Commodity	Production* (Int USD 1,000)		Production (Mt)	
1	Bananas	3,848	C	27,000	F
2	Taro (Coco Yam)	2,885	C	28,000	F
3	Cocoa Beans	2,696	C	3,500	F
4	Coconuts	2,578	C	28,500	F
5	Vegetables, Fresh	1,220	C	6,500	F
6	Chicken	693	C	594	F
7	Fruit, Fresh	463	C	2,900	F
8	Cassava	418	C	5,800	F
9	Eggs	334	C	385	F
10	Maize	314	C	2,700	F
11	Yams	303	C	1,500	F
12	Roots and Tubers	263	C	2,200	F
13	Beef	252	C	122	F
14	Pork	93	C	92	F
15	Cinnamon (Canella)	52	C	30	F
16	Duck	38	C	29	F
17	Whole Fresh Milk	38	C	144	F
18	Goat	28	C	19	F
19	Coffee, Green	16	C	20	F
20	Lamb	12	C	6	F

Source: Adapted from FAO, Major food and agricultural commodities and producers, <http://www.fao.org/es/ess/top/country.html?lang=en&country=193&year=2005>.

F = FAO estimate **C** = Calculated figure.

*Production in Int USD 1,000 calculated on the basis of 1999-2001 international prices. International commodity prices are used to calculate the total value of each commodity, in order to avoid the use of exchange rates and also to improve and facilitate international comparative analysis of productivity at the national level.



Fisheries

STP's historic focus on agriculture and land-based economic activity is surprising given the size of the nation's waters, spanning 130,000 sq. km. or well over 100 times the nation's land area. Biodiversity surveys indicate that the country's waters include 185 species of fish from 67 families. Other marine resources include nesting sea turtles, seabirds and marine mammals, with São Tomean waters serving as a main breeding ground for the humpback whales that migrate between Antarctica and the Gulf of Guinea. Studies indicate a potential fisheries biomass of 12,000 tonnes annually with 8,500 tonnes pelagics and 3,500 tonnes demersal. The most abundant fish species are seabreams, flying gurnards, squid, cornet fish, snappers, groupers, and grunts.

Despite all this, fisheries play a small role in the STP economy. As the World Bank study mentioned above points out, foreign (mainly European) fishing fleets extract valuable catches from STP waters (for very limited compensation). The artisanal sector lands catches of low-quality pelagic fish, though on many days demand exceeds catch. The catch is mostly sold locally but some is exported. The local fishery's contribution to STP's GDP is very small (2-4% in the 1990s) but the estimated annual catch of 3,000 tonnes represents 70% of the animal protein consumption in STP.

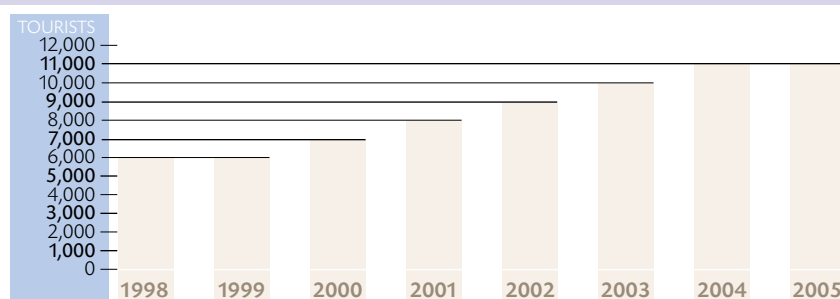
Opportunities in this sector can be found in improving fishing know-how and fishing equipment, supplying cold storage units, and creating processing plants that can undertake export on a significant scale.



Tourism

Tourism is a growing business in STP, although the growth is slow. The majority of the tourists are European, although there is a small African minority. It is not clear how many of the international arrivals shown in Figure II.1 below are holidaymakers, as against business travellers.

Figure II.1: International tourism, number of arrivals in STP, 1998-2005



Source: World Bank, WDI online, <https://publications.worldbank.org/subscriptions/WDI/old-default.htm>

STP has considerable advantages as a tourist location. There are a finite number of tropical island paradises, most of which are already overbuilt, polluted, short of fresh water, or full of package tourists. STP is quite possibly the last of its kind: a small tropical island with palm-fringed beaches, turquoise seas, waterfalls, rivers, unique species of birds and plants, and, perhaps most important in an African context, no violence and little crime.

An example to illustrate STP's attractions can be furnished by its bird-watching potential. There are 27 endemic bird species in an area of 1,000 sq. km. Furthermore, any responsible guide service in the country can guarantee that a tourist will be able to see 25 or 26 of the endemic species within a few days, a degree of 'saturation' of rare species almost unknown elsewhere in the world. One can also scuba dive or snorkel with schools of unique tropical fish and view from one's hotel window (in season) passing dolphins and humpback whales. Leatherback turtles lay their eggs at various sites along the coast.

Since STP is so little known, most tourists in the past have come from Portugal, because of the colonial links. However, there is a huge untapped European market beyond Portugal. There is also a large untouched market in continental West Africa. Many among the thousands of expatriates often confined to their

compounds in dangerous locations would welcome such a destination for a weekend or longer of 'R & R' if they only knew about it – and could actually get there.

Hotel capacity in STP is growing rapidly. Portugal's Grupo Pestana has built a 5-star hotel with a casino in the capital city. This joins a resort it already manages on the southern tip of São Tomé island. It plans to build a golf resort on the north coast. There are various initiatives that are starting to offer training to the hospitality industry. The Government projects an increase of 15,000 in international arrivals by 2010 which, if realized, should create a substantial number of direct and indirect jobs in the country.

The main challenges for tourism in STP are limited infrastructure – including water, sanitation, roads and emergency health services, including evacuation services – lack of trained personnel, and rainfall, particularly during the rainy season.

2. Incentives for investors

Incentives available

The Investment Code of 1992 created a three-incentive scheme: the Simplified Scheme, the General Scheme and the Contractual Scheme. Of these, only the Contractual Scheme is available to foreign investors, irrespective of the amount of their investment.

The new investment code, approved by the National Assembly and now awaiting official publication, would nullify the investment code of 1992 and consequently the three-incentive scheme used to date. Article 1 of the new investment code sets forth a new legal framework under which only investments above USD 250,000 are eligible for benefits and guarantees. Investments under USD 250,000 would not be eligible for incentives and benefits, but would be protected against expropriation.

Under the current Contractual Scheme, investors receive all incentives granted under the General Scheme, which are as follows:

- 75% reduction in property transfer tax (SISA) payable for the acquisition or establishment of ownership rights for the investment project;
- 50% reduction in corporate income tax for the first seven years of the project, including the first year;
- exemption from all customs fees on capital goods imported for the project's implementation and execution;

- permission to amortize, over a period of three years, expenses incurred in the training and professional development of domestic personnel involved in the investment project;
- use of property owned by the State and suited to the project, for the project's duration, so long as such use does not have harmful social or ecological impact; and
- access to special lines of credit, to be determined by the competent authority, up to a maximum of fifty percent of the total investment amount. (This last incentive exists only in theory, as STP has no funds to set up such credit lines.)

The government may establish, by means of a contractual agreement, terms or rates exceeding those just mentioned, whenever the investment project is of exceptional interest to the national economy.

In addition, foreign investors enjoy:

- an exemption from corporate income tax on after-tax profits which, having been authorized for transfer abroad, are kept as company reserves;
- the right to transfer after-tax profits abroad, up to an annual percentage of 15% of the foreign capital invested; and
- an exemption from taxes on bank transactions involving the entry of foreign capital for the project.

Applications for investment incentives may take the form of a prior consultation or an actual application process, and must be submitted in six copies to the Economic Planning Authority (*DPE: Direcção de Planificação Económica*) of the Ministry of Planning and Finance.

Conditions to be fulfilled

In order to be eligible for the incentives listed above, investors must:

- submit a report including an analysis of the project's macro-economic implications and other economic and financial indicators normally used in project analysis;
- submit an administrative agreement proposal, stating the project's goals, purposes, obligations, guarantees and anticipated benefits, for evaluation by the competent authority; and
- indicate the governing law for resolving conflicts.

The new investment code mentioned above may entail changes in the incentives described here. Investors may wish to check the provisions of the new code before investing.

Free zones

In 1998, the government passed legislation authorizing the creation of free-trade zones on both islands, allowing foreign companies to import materials duty-free for the manufacture of goods for export to other markets. The legislation provided for the establishment of three Free Zones in STP: (1) São Tomé Airport – for commercial activities and assistance provided to the STP national airport including infrastructure projects; (2) The Príncipe Port – for assistance with petroleum activities and maritime navigation in the Gulf of Guinea; and (3) Offshore – for offshore banking and other activities.

A feasibility study for a free-trade zone next to STP's international airport – Zona Franca Aeroportuária de São Tomé e Príncipe – was completed by September 2005, with construction for the USD 54m project commencing in April 2007.

The Free Zone establishes several special incentives:

- exemption from all taxes on activity for a period of 10 years;
- exemption of taxes on dividend, interest or remuneration of services to non-residents;
- exemption from all duties and taxes on imports and exports due in São Tomé and Príncipe;
- free disposal of foreign currency received by companies within their own activities; and
- simplified customs procedures.

For more information, see: <http://www.azf.gov.st/pintroducao.html>.

3. The operating environment

STP's potential for tourism and for exports of agricultural produce is substantial but dependent on the availability of reliable and efficient infrastructure. So also is its potential as a trans-shipment point for West Africa. The present section provides a brief summary of the current situation and the issues involved.

Air transport

TAP (Trans Air Portugal) has run a weekly flight from Lisbon for the last 20 years. As business began to grow and oil put STP on the map, this weekly flight has proved insufficient and there are efforts under way to create three or four flights a week to Europe.

STP launched its own national airline, STP Airways, in 2007 as a joint venture with Angola's national airline, TAAG. Unfortunately, no sooner was this launched than TAAG was banned from flying to the EU for security reasons and the new airline was grounded. STP Airways has since re-launched with new partners, and now flies three times weekly between São Tomé and Lisbon.

There are several flights per week to African locations: two to Luanda, Angola; two to Libreville, Gabon; and one to Lagos, Nigeria.

The airport is being upgraded. Currently there are no storage facilities, in particular for perishable goods, which is an obstacle to STP developing high-value agricultural exports. However, there is a large modernization project now under way. The airport runway is being enlarged to allow it to take larger planes.

Roads

The road and rail networks in colonial times were extensive, with each plantation transporting its products to their own individual docks that dotted the islands. Lack of investment since 1975 has led to road and bridge collapse as well as drainage erosion in some areas. There are still good roads that go around the edge of the island of São Tomé, and there is a major program for improving the rural roads going to plantations and villages.

About a third of the road network is paved, although a third of that is not usable after heavy rains. Rainfall can be substantial in STP, up to 700 cms a year. In addition, the terrain can be very steep. The condition of the roads, coupled with the high cost of fuel and other imports, results in significantly higher cargo transport costs than in neighboring countries (see Table II.4 on Factor costs below).

Other transport

There are no railways or water transport in STP. There are small boats carrying passengers and cargo between STP and the main ports on the continent in Angola, Gabon, Cameroon and Nigeria.

Seaport

The main port on São Tomé island is in the Baía de Ana Chaves, on the east coast of São Tomé island. There is a fuel port in Neves on the northwest coast of the island, and a port on the island of Príncipe. There is a second port on

the island of Príncipe. The water is shallow and the loading and unloading of seagoing vessels usually needs to be done several kms from the coast, using tugs and barges. This naturally imposes significant costs, e.g., high demurrage charges. The efficiency of the port has, nonetheless, improved considerably over the past decade and the loading and unloading time has been reduced by as much as 75%.

Following a U.S. Trade and Development Association (USTDA) feasibility study, which highlighted the viability of São Tomé and Príncipe as an ideal location for a regional container hub, the Sãotomean government began a search for a shipping company partner, which led to the August 2008 \$400 million agreement with Terminal Link, a wholly-owned subsidiary of the French contained shipping giant CMA-CGM, to build a deep-water port on the north coast of São Tomé island, that will serve as a regional hub for container shipping in West Africa.

Electricity and water

Electricity supply in STP is unreliable and coverage extends to only about half the population. Power is supplied by Empresa de Água e Electricidade de São Tomé e Príncipe (EMAE), a state-owned monopoly. EMAE currently produces 12 mw of power, 80% from thermal stations and 20% from hydroelectric stations on the Contador and Gué-Gué rivers. However, demand has risen to 15W and will continue to rise with economic growth over the next few years. Generation costs are high, as most of EMAE's generation is from diesel-fired plants and the cost of imported fuel is high. The fuel comes mostly from an Angolan supplier that has an effective monopoly. Power transmission is subject to illegal tapping into the system and blackouts are common.

So far, government efforts to increase generating capacity have proved unsuccessful and a generator remains a necessity for businesses, diplomatic missions and tourism sites.

Water is also provided by EMAE. It is cheaper than electricity but the pipes date from colonial times and often suffer from serious leaks. Clean water is thus not guaranteed. Because of the many leaks in the pipes, water pressure can be low in some areas. Inadequate sewerage facilities mean that the prevalence of water-borne diseases like amoebic dysentery is common during the rainy season. As with the electricity sector, improvements are badly needed.

Telecommunications

One of the bright spots of infrastructure is telecommunications. As Table II.2 below indicates, STP's telecom indicators are significantly better than those of most African countries. The long-standing monopoly of the Companhia Sãotomense de Telecomunicações (CST), which was 51% owned by a Portuguese company with the remainder being held by the São Tomean government, ended in 2007 and the market is now open to competition. The mobile cellular network is also growing rapidly. Internet use is still low because of the high costs involved. But there are Internet cafés that are popular with young people. While it is possible to call anywhere in the world with very good lines from São Tomé and Príncipe, calling *into* the country is often difficult from the United States and Europe. Internet dial-up service costs 50 Euros per month. High-speed broadband costs 105 Euros per month.

Table II.2: Telephone Usage in STP

Main telephone lines			Main telephone lines per 100 inhabitants		
(000s)		CAGR ^a (%)	(000s)		CAGR (%)
2001	2006	2001-06	2001	2006	2001-06
5.4	7.6	6.9	3.81	4.74	4.5

Source: Adapted from the International Telecommunication Union (ITU), ICT Statistics Database: Country Data by Region, 2006, <http://www.itu.int/ITU-D/ict/ey/Indicators/Indicators.aspx>.

^a CAGR is the compound annual growth rate.

Table II.3: Telecommunications in STP, 2006

	Subscribers Total (000s)	Subscribers per 100 inhabitants
Telephone	26.0	16.2
Mobile cellular	18.4	11.5
Internet	2.2	1.4

Source: Adapted from the International Telecommunication Union (ITU), ICT Statistics Database: Country Data by Region, 2006, <http://www.itu.int/ITU-D/ict/ey/Indicators/Indicators.aspx>.

The financial sector

Although the market for banking services is small, there are currently eight banks. The Banco Internacional de São Tomé e Príncipe (BISTP) is the oldest bank and is a joint venture between the São Tomean state and Portugal's Caixa Geral de Depositos. The other banks are Afriland First Bank of Cameroon, Banco Equador of Angola, COB-STP of Cameroon, ECO-Bank of Togo, Island Bank of Nigeria, National Investment Bank of Portugal, and Oceanic Bank of Nigeria.

There are no credit associations and micro-finance is effectively non-existent.

Interest rates on short-term loans are very high, more than twice as high as in neighboring African countries (Table II.4 below). The spread between average lending rates and average deposit rates is also large and credit is very difficult to access for small and medium enterprises (SMEs). In part, this is related to the land issue (see Chapter III below) and the lack of collateral. Banks also complain, as elsewhere in Africa, that loan requests are not accompanied by sound business plans or reliable projections.

In the insurance field there is currently one company, SAT Assurances, from Cameroon.



Human resources

STP has one of the highest literacy rates in Africa and, unlike most African countries, has no tribal, religious or ethnic strife. There is also a long-standing tradition of peaceful conflict resolution and very low levels of crime. Wages are low in absolute terms, though not when adjusted for productivity. The country's geographical isolation has also enabled its workforce to avoid the impact that HIV/AIDS has had in many African countries.

Balancing these advantages of literacy and social capital, however, is the lack of skills in the workforce. Skilled workers can earn three times as much as unskilled ones. There are now a number of new technical schools and post-secondary training centers, as well as two new universities that should soon produce well-trained graduates.

The minimum wage in STP is Db 600,000 (about USD 40) per month. There are no restrictions on the employment of expatriates. The Labor Act (Lei 6/92, de 11 de junho – Regime Juridico das Condições Individuais de Trabalho) regulates the conditions for hiring and firing workers. One of its provisions governs the normal working period, which may not exceed eight hours per day or forty-five hours per week.

There are several labor unions in STP, including a Public Workers' Union, a Teachers' Union and a Journalists' Union. Industrial relations are cordial and the occasional strike threat has invariably been diffused through negotiations. The government has also established a conflict resolution commission to mediate in the rare instances that normal negotiations fail.

The private sector in STP

The domestic private sector is very small, which is unsurprising, since STP was operated first as a set of colonial plantations and then as a socialist command economy. There is no manufacturing and small-scale entrepreneurial activity is limited to car repairs, lumberyards and trading. The key private-sector organization is the Chamber of Commerce, made up of most of the nascent private sector in the country. There are no large multinationals and very few foreign investors.

Table II.4: Factor costs in West Africa

	BENIN	BURKINA FASO	GABON	IVORY COAST	SENEGAL	STP	TOGO
Cost of vacant land for industrial purposes (USD/square meter)	6.0	1.0	NA	NA	9.0	10.0	NA
Construction costs (USD/square meter office building)	500.0	240.0	NA	600.0	360.0	475.0	240.0
Unskilled wage rate (USD/day)	2.8	2.8	7.8	4.2	4.0	2.7	1.6
Interest rate on short-term bank loans (%)	13.7	10.5	18.0	10.5	15.5	31.0	NA
Cost of electricity per kwh (basic tariff, US cents)	15.9	26.0	13.0	11.2	16.6	15.0	12.0
Cost of water per cubic meter (basic tariff, US cents)	58.0	172.0	49.0	NA	126.0	20.0	NA
Cost of a local telephone call (US cents/minute)	4.4	2.0	2.1	1.9	3.8	5.0	1.7
Cost of diesel fuel (US cents/liter)	44.0	57.0	58.0	63.0	69.0	94.0	57.0
Local road transport costs (US cents per ton/km)	5.7	9.5	NA	5.4	5.8	10.0	5.5
Air freight to Europe (USD/kilo)	NA	NA	NA	4.3	3.6	3.6	4.3
Maritime freight charge for a container from Europe USD/TEU)	2,624	NA	NA	NA	1,800	6,500	NA

Source: World Bank, 2006

Doing business in STP

The International Finance Corporation and the World Bank regularly carry out surveys of the investment climate in most countries of the world. They deal with topics such as starting a business, dealing with licenses, employing workers and registering property. The annual **Doing Business** report assigns to each country a rank among the countries surveyed, both in each category (e.g., dealing with licenses) and in the overall ease of doing business. The table below comes from *Doing Business 2008*, published in 2007 and surveying 178 countries.

Table II.4 below compares the overall ease of doing business in STP with that in selected West African countries. None of the countries performs particularly well, with STP neither the best nor the worst performer in the group. Table II.4 provides STP's ranking under each category examined among the 178 countries surveyed. Note that STP does very well in comparison with its neighbors when it comes to trading across borders, a category that looks into such things as the time, cost and documents required to import and export manufactured goods. (However, *Doing Business 2008* also notes that STP's ranking has gone from 79 the previous year to 91 this year, mainly because other countries have improved *their* performance.)

Table II.5: Doing business in Africa: rank among the 178 countries surveyed

	ANGOLA	BURKINA FASO	EQUATORIAL GUINEA	SENEGAL	STP
Overall rank	167	161	165	162	163
Starting a business	173	105	172	159	126
Licensing procedures	136	169	90	64	113
Employing workers	172	152	175	160	176
Registering a property	166	170	56	155	146
Access to credit	84	115	135	135	115
Investor protection	51	138	141	158	122
Trading across borders	164	170	133	136	91
Taxes	120	133	136	164	153
Enforcing contracts	176	109	72	148	115
Closing a business	138	91	178	73	178

Source: World Bank, *Doing Business in 2008*.

4. Investment climate at a glance

Strengths	Opportunities
<ul style="list-style-type: none">• Vibrant multi-party democracy• Strategic location off the coast of West Africa, in the Gulf of Guinea oil zone• Substantial natural resources, including petroleum• No ethnic, religious or linguistic cleavages	<ul style="list-style-type: none">• Agriculture (cocoa, flowers, fruits and vegetables for export)• Adventure and eco tourism• Fisheries• Regional trans-shipment point• Petroleum-sector services
Weaknesses	Threats
<ul style="list-style-type: none">• Poor and high-cost infrastructure (roads, port, airport, electricity)• Weak administrative capacity• Low-skill workforce	<ul style="list-style-type: none">• Potential for increased corruption and other damaging consequences of a sudden inflow of oil revenues

Source: Columbia University.



*PESTANA HOTEL GROUP:
THE PORTUGUESE HOTEL GROUP, GRUPO PESTANA, HAS FOUND SÃO TOMÉ AND PRÍNCIPE A HIGHLY ATTRACTIVE PLACE FOR INVESTMENT, AND IN A SHORT PERIOD OF TIME, HAS ACQUIRED OR BUILT THREE HOTELS AND RESORTS, AND HAS SEVERAL OTHER PROJECTS IN THE WORKS, INCLUDING ANOTHER HOTEL AND A GOLF COURSE. ACCORDING TO MANUEL FUZETA, THE PESTANA GROUP DIRECTOR IN STP, “AS WITH SEVERAL OTHER PORTUGUESE -SPEAKING AFRICAN COUNTRIES, WE BELIEVE IN SÃO TOMÉ AS A LOCATION FOR INVESTMENT, AND HAVE INVESTED 35 MILLION EUROS HERE TO DATE. OUR INVESTMENTS IN SÃO TOMÉ CONTINUE TO GROW.”*

1. Taxation in São Tomé and Príncipe

Tax yield is low in STP, mainly because the enforcement of tax laws is weak. The Millennium Challenge Corporation, an aid arm of the US Government, has recently approved funding for a program that will increase tax revenues through greater efficiency and better implementation of the tax codes.

The table below draws mainly on an IMF report dated September 2006, which summarizes the situation as of 31 December 2005. (Aspects of little or no relevance to foreign investors are omitted.)

Table III.1. Taxes in STP: A summary

Tax	Nature of tax	Exemptions & deductions	Rates
1. Taxes on income, profit, and capital gains			
1.1. Individual taxes			
1.1.1. Income tax (<i>Imposto sobre salários</i>) (Decree-Law 11/93 of February 25, 1993; Decree-Law 64/97 of November 3, 1997).	Levied on all domestically earned income, in cash and in kind, and on all individuals, including non-residents with STP income.	Earned annual income up to Db 480,000, after Db 5,000 monthly deductible. Salary supplements up to 10 percent of the fixed monthly salary. Official foreign personnel. Certain moving expenses.	Flat rate of 13 %.
1.2. Corporate taxes			
1.2.1. Profit tax (<i>Imposto sobre o rendimento</i>) (Decree-Law 9/93 of March 5, 1993; Decree-Law 84/93 of December 31, 1993; Decree-Law 46/93 of August 10, 1993; Decree-Law 58/95 of December 31, 1995; Decree-Law 40/96 of October 29, 1996).	Levied on all domestic income from any commercial, industrial, service, or agricultural business or independent profession, even if occasional or temporary.	Profits from investment or dividends from mutual aid societies and nonprofit cooperatives. Fifty percent of profits from agricultural activities. Special exemptions granted in the Investment Code of 1992.	For commercial, industrial, service, and agricultural businesses, flat 30 % rate on taxable profits; additional 15 % on taxable profits in excess of Db 12 million. For independent professionals, a five-bracket schedule applies, with a rate of 30 % on taxable profits above Db 3,000,000, plus a 15 % surcharge on the portion above Db 3,000,000.

Tax	Nature of tax	Exemptions & deductions	Rates
1.2.2. Minimum tax (<i>Valor mínimo</i>) (Decree-Law 58/95 of December 31, 1995).	Payable during the first half of the year by all commercial, industrial, and artisanal businesses, as well as by self-employed professionals. <i>The minimum tax is deductible from the tax on profits.</i>	None.	Six progressive tax brackets, with the top one being for income above Db 4,000,000, on which the tax is Db 636,000.

2. Taxes on property

2.1. Urban property tax (<i>Contribuição predial urbana</i>) (Legislative Act 450 of September 8, 1954; Decree-Law 57/81 of November 28, 1981; Decree-Law 16/93 of March 5, 1993; Decree-Law 45/93 of August 10, 1993; Decree-Law 84/93 of December 31, 1993; Decree-Law 40/96 of October 29, 1996).	Levied on all urban property, including i) permanent buildings intended for housing, commercial, or industrial purposes other than the exploitation of land, and the land on which the buildings are located; and ii) construction when declared as such by the owner or if covered under the law.	Government properties. For two years, permanent buildings for use as dwellings by owners or their families, including buildings replacing demolished buildings, provided the construction period does not exceed 24 months.	15% percent on registered value. The value of property registered <i>before</i> 1 May 1993 is <i>corrected</i> by multiplying it with a factor of 2 to 8, depending on the date of registration. (The factor of 8 applies to property registered before 31 December 1970.)
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3. Domestic taxes on goods and services

3.1. Excise tax (<i>Imposto sobre o consumo</i>) (Decree-Law 20/76 of April 26, 1976; Decree-Law 14/93 of March 5, 1993; Decree-Law 1/2000 of February 1, 2000; Decree-Law 35/2000 of May 15, 2000; and Decree-Law 8/2005 and Decree-Law 9/2005 of July 28, 2005).	Levied on the value of a limited number of manufactured goods and on services. With goods, the price used is either the factory-gate selling price or the selling price less 20 percent. Tax is payable by the producer.	Locally produced goods exported directly by the industrial establishment. Alcohol needed in industrial processes. Gasoline for vehicles of foreign officials and for aviation equipment in public use. Medical or medical-related services.	Petroleum products 42–149% Motor vehicles 10–35% Alcoholic drinks 25–55% Tobacco 55% Services 5%
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Tax	Nature of tax	Exemptions & deductions	Rates
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4. Taxes on international trade and transactions

4.1. Import duty (*Direitos de importação*) (Decree-Law 1/00 of February 1, 2000; and Decree-Law 31/2005 of December 21, 2005).

Levied on customs value of imports determined on the assumption that i) the goods are delivered to the buyer at the port of entry, ii) the seller's price is the cost, insurance and freight (c.i.f.) price, and iii) the buyer pays the applicable duty and any other taxes excluded from the base price. When the goods have been manufactured under a patented process of registered design or mark, or bear a foreign trademark or brand name, the base price includes royalties.

Goods imported by official agencies as specified in Decree 41024 of March 23, 1957 are exempt. Decree-Law 31/2005 establishes that private enterprises cannot be exempted from import duties. In all cases private enterprises may have a fiscal benefit, they will be subject to 5 % rate.

There are three rate bands:

- 5 % on basic goods;
- 20 % on luxury goods; and
- 10 % on all other goods.

The majority of investment goods are taxed at 10 %, although some are taxed at 20 %. Surtaxes apply to a variety of goods. All raw material or inputs for industry or agriculture are subject to 5 % rate. Some examples:

Petroleum products:

- gasoline: 149 %
(5 % + 144 % surtax)
- kerosene: 9.4 %
(5 % + 4.4 % surtax);
- jet fuel: 322 %
(5 % + 317 % surtax); and
- diesel: 62.9 %
(5 % + 57.9 % surtax).

Alcoholic beverages:

- beer: 61 %
(20 % + 41 % surtax);
- wine: 45 %
(20 % + 25 % surtax); and
- spirits 75 %
(20 % + 55 % surtax).

Cigarettes:

65 % (20 % + 55 % surtax).

Vehicles:

10 to 20 % (plus 0-20 % surtax, depending on the age of the vehicle).



Tax	Nature of tax	Exemptions & deductions	Rates
4.2. Harbor tax (<i>Taxas de porto</i>) (Decree-Law 22/89 of December 19, 1989).	Levied for the use of port facilities, and on materiel procured from the port authorities.	<p>Scientific missions, domestic ships, and fishing boats pay 50 % of the tax. The following equipment is exempt:</p> <ul style="list-style-type: none"> • government and military boats; • merchandise in transit; • merchandise shipped between domestic harbors; • passengers' luggage; • mail. <p>Exemptions are also granted by ENAPORT on a case-by-case basis.</p>	<p>Most rates are in the form of specific tariffs that vary with the weight, volume, and quantity of merchandise, the type of service, and time of utilization of service.</p> <p>For materiel procured from the port authorities, a tax of 1 % of the c.i.f. value applies, plus an additional tax of 30 %.</p>

5. Other taxes

5.1. Real estate transfer tax (<i>Sisa sobre a transmissão de imobiliários por título oneroso</i>) (Decree 22 of June 22, 1988; Decree-Law 42/93 of August 10, 1993).	<p>Levied on all onerous conveyances of real estate and payable by the purchaser. The tax base is the value of the conveyance or the assessed income from the property as shown in the real estate register, whichever is higher. The tax base may also be determined through direct assessment.</p>	The state, nonprofit organizations, and recipients of real estate valued at less than Db 30,000. Not applicable to new buildings.	<p>Rural property 10 %</p> <p>Urban property 10 %</p> <p>Barter deeds 5 %</p>
5.2. Special tax (<i>Imposto especial</i>) (Decree-Law 22793 of June 30, 1933).	<p>Surtax on the total amount of the following taxes, fees, and other government revenues: i) import tax, ii) rural property tax, i ii) justice, port, and customs duties, iv) enforced collection proceeds, and v) tax violation proceeds.</p>	None.	Single rate of 20%.
5.3. Justice tax (Decree-Law 18/87 of August 31, 1987).	Due on the settlement value in legal cases.		Flat rate of 10 percent.

Source: Adapted from IMF Country Report No. 06/329, September 2006.

New tax laws

Several tax law changes are awaiting approval by the National Assembly. The new tax laws should, when passed, change the personal income tax (*Imposto sobre salários*) from a flat 13% rate to a progressive rate that ranges from 15% – 25%, and change the corporate profit tax (*Imposto sobre o rendimento*) to one single rate of 30%. There will be other changes to exemptions and thresholds as well, for the two taxes and the urban property tax (*Contribuição predial urbana*).

2. Legal and institutional framework

STP's legal system belongs to the civil law family. It is essentially based on a collection of Portuguese colonial laws in force prior to the country's independence in 1975, as well as on laws passed after this date. By and large, the country lacks a modern legal system with the features of contemporary business law.

Examples of this are furnished by the Commercial Code (*Código Comercial*) of 28 June 1888, the primary source of commercial law in São Tomé and Príncipe, and the Limited Liability Companies Act (*Lei das Sociedades por Quotas*) of 1901. Since the Commercial Code has undergone several changes over time and revoked several of its articles, the legal system for setting up companies has in practice become even more complicated.

The Commercial Code identifies three types of companies:

- unlimited liability companies (*sociedades em nome colectivo*), with unlimited joint liability of all partners;
- stock corporations (*sociedades anónimas*), where the liability of partners is limited to the value of their subscribed share capital; and
- limited partnerships (*sociedades em comanditas*), where one or more partners assume(s) liability in the form of an unlimited liability company, while the liability of the remaining partners is limited to the amount of their capital contributions.

The Limited Liability Companies Act allows the creation of a fourth kind of company, limited liability companies (*sociedades por quotas*), where partners are jointly liable for share capital and company assets are creditors' only recourse in the event of bankruptcy.

The Investment Code of 1992 (Law no. 13/92 of 15 October) is the main law governing investment in STP. It defines the terms, conditions, modalities and guarantees applicable to domestic, foreign and mixed capital investment in STP. The three kinds of capital are defined as follows:

National: expressed in domestic currency and belonging wholly to natural or legal person(s) residing, domiciled or headquartered in the national territory;

Foreign: expressed in foreign currency and entering the country by means of an appropriate exchange transaction; and

Mixed: resulting from a combination of domestic and foreign capital.

The Code also creates three investment incentive schemes, awarding and assigning tax and financial incentives to projects according to the amount invested.

New investment code

The Investment Code of 1992 has been approved by the National Assembly and now awaits official publication. Under the new code, the state guarantees to investors the right to private property and the payment of *prompt, adequate and effective* compensation in the case of expropriation. The state also provides foreign investors with further safeguards, including i) equal treatment in all phases of the investment process, regardless of the investor's nationality, ii) the right to transfer the investor's entire capital and income on it, minus the legal and statutory reserves and taxes payable; and iii) the right to repatriate the proceeds of the liquidation of investment.

The new investment code would nullify the investment code of 1992 and consequently the three incentive schemes currently in place. Article 1 of the new investment code sets forth a new legal framework under which only investments above USD 250,000 are eligible for benefits and guarantees. Investments under USD 250,000 would not be eligible for incentives and benefits, but would be protected against expropriation. For details, see **Chapter II.2, Incentives for investors.**

Entry and exit

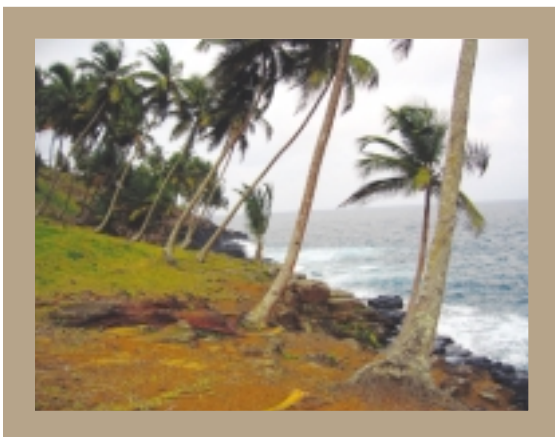
Incorporation of companies

Although the Commercial Code and the Limited Liability Companies Act identify four types of companies, the following two are the most prevalent in the country:

Limited liability companies, which must have a minimum of two partners (individuals or companies). This form is most commonly used for incorporating small or medium-sized enterprises. There is no minimum capital requirement to incorporate this kind of company, although the notary public may deny the deed of incorporation if the partners' share capital is deemed insufficient for the planned business activity. As a rule, USD 1,000 is sufficient to incorporate this type of company.

Stock corporations, which must have a minimum of ten partners (individuals or companies). Such companies may be public stock corporations (where share capital is offered for public subscription) or private stock corporations (where share capital is privately held). Again, there is no minimum capital requirement but current practice entails a minimum of USD 5,000 in represented share capital divided into shares.

According to Article 113 of the Commercial Code, “the memorandum and articles of association must always be done in writing.” Likewise, limited liability companies and stock corporations may only be established through deeds of incorporation.



In general terms, the following steps are required to establish a company:

- request for verification of uniqueness of proposed company name;
- request to establish a deed of incorporation for the company's memorandum and articles of association, and its execution before a notary public;
- deposit of required initial share capital at a bank, with proof of deposit;
- request for the publication of the company's memorandum and articles of association in the Official Gazette (*Diário da República*);
- publication of the company's memorandum and articles of association in one of the country's prominent newspapers (a rule frequently flouted);
- registry of the company at a commercial registry office (Article 49, Paragraph 5 of the Commercial Code);
- request for authorization (permit) to engage in trade (Decree Law no. 7/2004 of 30 June);
- request for corporate tax identification number (Decree Law no. 12/93 of 5 March);
- statement of entry into business at the Taxation Directorate of the Ministry of Finance and Planning;
- registration of employees at the Social Security office; and
- acquisition and legalization of company stock and day books.

According to the World Bank's *Doing Business 2008*, which lists 10 of the 11 steps just mentioned, completing them takes 144 days and costs 94.5% of the gross national income *per capita*. The Bank ranks STP 126th among the 178 countries surveyed. However, a new Millennium Challenge Corporation (US) program is being implemented that will significantly reduce the time and costs involved in starting a business – putatively, down to 3 days from 144.

Exit

Although Article 120 of the Commercial Code specifies various conditions under which companies may be dissolved, there is thus far very little experience with exit in STP.

Investment protection

In accordance with Article 47/ 2 of the Constitution, expropriation is only permitted in the public interest and only within the law. Moreover, the Civil Code also provides in Article 1308 that no one may be deprived of their right to property in whole or in part, except in cases defined in the law. When expropriation in the public interest does occur, adequate compensation must be paid to the owner(s). In fact, there have been no cases of the expropriation of foreign investors' assets since independence.

Pursuant to Article 46 of the Constitution of the Republic, the state protects intellectual property rights, including copyright. The protection of industrial property is governed by Presidential Decree no. 8-A/2001 of 9 August. However, limited administrative capacity means that enforcement is weak.

Restrictions and prohibitions

According to Article 20 of the Investment Code, the entry of foreign capital, as permitted to private individuals under the law, is allowed in all sectors of the national economy, regardless of type. The only exception is areas reserved for the State. These are i) the production of weapons and ammunition, ii) all activities related to the military and paramilitary sector, and iii) the printing of currency.

Dispute settlement

There are three channels for the resolution of investment-related disputes in STP: i) the judicial system, ii) arbitration in STP, and iii) international arbitration. Of these, the first is the least preferred by investors, as the judicial system is weak and likely to produce excessive delays. The third is only available to foreign investors whose initial contract with the government stipulates that any dispute will be resolved through international arbitration. The 1997 Portugal-STP bilateral investment treaty allows an investor from one State to resolve a dispute with the other State (i) by negotiation between the two parties or, failing this, (ii) through the International Centre for Settlement of Investment Disputes (ICSID) (Article 9).

However, because STP is not an ICSID Contracting State (it has yet to ratify the Convention on the Settlement of Investment Disputes between States and Nationals of Other States), the dispute settlement provisions of the ICSID

Convention are not directly applicable to disputes involving STP or nationals of STP. Despite this, ICSID has adopted Additional Facility Rules authorizing the ICSID Secretariat to administer certain categories of proceedings between States and nationals of other States that fall outside the scope of the ICSID Convention, which include conciliation or arbitration proceedings for the settlement of investment disputes between parties one of which is not a Contracting State or a national of a Contracting State (such as STP).

The remaining option is domestic arbitration, which is governed by Law no. 9/2006, the Voluntary Arbitration Act. This law created the Arbitration Centre, which operates in the city of São Tomé, with a minimum of three judges appointed by the São Tomé and Príncipe Chamber of Commerce, Agriculture and Industry. According to Section 1 (Arbitration Agreement) of the law, arbitration is allowed under the following circumstances:

- Any dispute which does not involve inalienable rights of an agricultural, commercial, industrial or service nature, and is not reserved to the courts or to mandatory arbitration under specific legislation, may be submitted by the parties to voluntary arbitration by means of an arbitration agreement.
- The object of an arbitration agreement may be a current dispute, including a dispute already submitted to the courts (arbitration commitment), or a potential dispute arising from a contractual or non-contractual legal relationship (arbitration clause).
- In addition to written issues involving litigation, the parties may agree to consider other issues within the scope of disputes, namely those involving the need to clarify, complete, update or review the agreements or legal relationships giving rise to the arbitration agreement.
- The State and other entities governed by public law may enter into arbitration agreements if authorized by specific legislation, or if their object entails disputes involving private law.
- Arbitration agreements must comply with the principles of the Constitution and the Civil Code.

All evidence permitted under civil procedure law is also admissible in arbitration courts. Arbitral judgments are enforced in the Court of First Instance, pursuant to the terms of civil procedure law.

Land

Land is a big issue in STP. All land was taken over by the State after independence in 1975. The land reforms of the early 1990s resulted in much of the land, in particular cocoa plantations, being distributed to workers on these estates in small parcels of about two hectares each. Titles to these parcels of land were clear in some cases but not in most. Most smallholders are not owners but usufructuaries, a status which precludes their using land as collateral for loans. The result is the absence of a market in land and unhappy consequences for the availability of credit.

In law, foreign investors may not own state land. However, there have been instances where foreign investors have been given full title to state properties. Foreign investors may also purchase private land. Other foreigners have acquired rights through leases, including Claudio Corallo, the Italian investor who manages several cocoa and coffee plantations on the islands. Leases on state land are for a period of 20 years, subject to automatic renewal for identical periods, unless terminated by either party with a minimum of two years' advance notice. Foreign nationals may not be the beneficiaries of more than one parcel of land, with a maximum area of two hectares, except when the land's use and exploration entails duly authorized investment projects in compliance with current legislation.

Foreign exchange

STP has a generally liberal foreign-exchange policy, although the currency is not fully convertible and there are constraints on the repatriation of profits over a certain percentage. Foreign investors have a right to transfer after-tax profits abroad, up to an annual percentage of 15% of the foreign investment amount calculated according to the terms of Article 21 of the Investment Code, so long as the limits established for the investor's trade balance are observed. Additionally, according to Article 24 of the Investment Code, foreign exchange transactions for foreign investment projects must always be made through a banking institution headquartered in STP, in accordance with legislation in force and instructions issued by the competent banking authority.

3. Markets, treaties and related issues

Market access

STP has preferential access to some of the world's richest markets, although a variety of constraints have thus far prevented the country from doing much with it. Potential investors with exports in view should note the two schemes described below.

The Everything But Arms (EBA) initiative of the EU

The EBA is one of five arrangements available under the Generalised System of Preferences (GSP) of the European Union, which grants trade preferences to all developing countries. The EBA is the most favorable regime available under the GSP and is meant for 'least developed countries' (LDCs), of which STP is one.

Roughly 2,100 products already enter the EU market duty-free. Most others are covered by the EBA and are granted duty-free access to the EU market if they fulfill the *rules of origin* requirements (see below). The exclusions are arms and ammunition and, temporarily, fresh bananas, rice and sugar. Duties on these products, except for arms and ammunition, are being gradually reduced until duty-free access will be granted for sugar in July 2009 and for rice in September 2009. In the meanwhile, there are duty-free tariff quotas for rice and sugar that increase annually.

Preferences under the EBA apply to imports into the EU of products originating in LDCs. While products wholly obtained in the exporting country are considered as originating there, products manufactured with inputs from other countries are so considered only if they have undergone sufficient processing in the exporting country. A guide on how to interpret and implement the rules of origin is available from the European Commission (see <http://ec.europa.eu/trade/issues/global/gsp/eba/ug.htm>).

The African Growth and Opportunity Act (AGOA) of the United States

AGOA was signed into law on 18 May 2000. It is meant to encourage market forces in African countries by offering these countries the most preferential access to the US market available outside of free trade agreements. The Act covers some 6,400 items, including textiles and apparel.

The AGOA *Acceleration Act*, signed into law on 12 July 2004 and known as AGOA III, extends this preferential access until 30 September 2015.

Eligibility for AGOA benefits is determined annually on the basis of a review by a committee chaired by the United States Trade Representative (USTR). The criteria require that the country has established or is making progress towards establishing, *inter alia*, a market economy, the rule of law, policies to reduce poverty, and a system to combat corruption. As of April 2008, 39 sub-Saharan countries have qualified. STP has been eligible for AGOA benefits since October 2, 2000, but due to the lack of exports to the US, has not qualified under AGOA's duty-free provisions, making it one of a number of Sub-Saharan African economies that have yet to benefit from AGOA.

International treaties

STP signed a bilateral investment treaty with Portugal in 1995, which came into force in 1997. The treaty adopted the principles of the General Agreement on Tariffs and Trade (GATT), national treatment and most favored nation status (Article 3). STP has not concluded any other investment treaties or double taxation treaties.

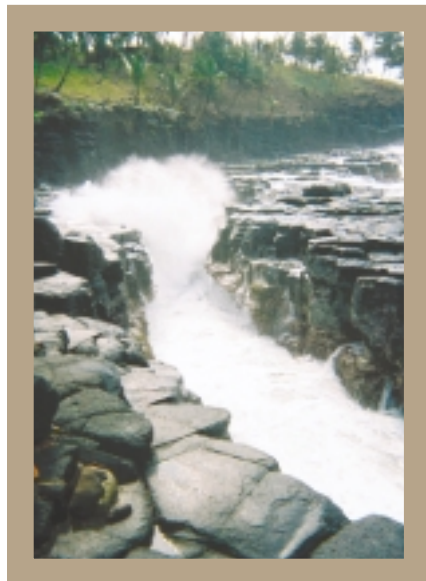
As for trade treaties, STP is not a member of either the World Trade Organisation (WTO) or the Economic Community of West African States (ECOWAS), although it has signed several bilateral trade agreements, including those with Angola, Gabon and Nigeria.

STP is a member of the World Intellectual Property Organization.



A. Current foreign investors in São Tomé and Príncipe

- Afriland First Bank (Cameroon – Banking)
- Banco Equador (Angola – Banking)
- Caixa Geral de Depositos Bank (Portugal – Banking)
- Claudio Corallo Cocoa/Coffee (Italy)
- CMA-CGM/Terminal Link (France - Shipping)
- COB-STP (Cameroon – Banking)
- Corema (U.K. – Refrigeration)
- ECO-Bank (Togo – Banking)
- Flora Speciosa (Portugal – Flowers)
- Grupo Pestana (Portugal – Hotels)
- Hotel Phenecia (Lebanon – Hotel)
- Island Bank (Nigeria – Banking)
- Mello Xavier Brewery (Angola)
- Mota Engil (Portugal – Construction)
- National Investment Bank (Portugal – Banking)
- Oceanic Bank (Nigeria – Banking)
- Portugal Telecom (Portugal – Telecommunications)
- SAT Assurances Insurance Co. (Cameroon – Insurance)
- SCD Aviation, Rombout Swanborn (Holland – Tourism and Aviation)
- Soares da Costa (Portugal – Construction)
- Sonangol (Angola – Angolan State Oil Company)



B. Pointers to further information

Public Sector

President of the Republic
Av. da Independência
Edifício Palácio do Povo
São Tomé
Tel: + 239 227 608
Fax: + 239 221 226
www.presidencia.st

Ministry of Finance and Planning
Largo das Alfandegas
São Tomé
Tel: + 239 222 372
Fax: + 239 222 182

Ministry of Commerce, Industry & Tourism
Largo das Alfandegas
São Tomé
Tel: + 239 224 657
Fax: + 239 221 978

Registry and Notary Public Directorate
Av. 12 de Julho
São Tomé
Tel: + 239 221 347

National Petroleum Agency
Av. Das Nações Unidas
São Tomé
Tel: + 239 226 940
Fax: + 239 226 937
www.anp-stp.gov.st

Free Zone Authority
Bairro Dolores
São Tomé
Tel: + 239 224 789
www.azf.gov.st

Central Bank of São Tomé e Príncipe
Av. 12 de Julho
São Tomé
Tel: + 239 243 700
Fax: + 239 222 777
e-mail: bcentral@cstome.net

Private Sector

São Tomé and Príncipe Chamber of
Commerce, Industry, and Agriculture
Caixa Postal 527,
Av. 12 de Julho,
São Tomé
Tel: + 239 222 723
Fax: + 239 221 409

Hotel Pestana São Tomé
Av. 12 de Julho
São Tomé
Tel: + 239 222 778 / 222 511 / 221 346
Fax: + 239 221 087
e-mail: pestana.saotome@pestana.com

BISTP International Bank of São Tomé
e Príncipe
Praça da Independência
São Tomé
Tel: + 239 221 436
Fax: + 239 222 427
e-mail: bistp@cstome.net

C. Principal laws and regulations affecting foreign investment in São Tomé and Príncipe

A. Investment

Constitution of São Tomé and Príncipe (Law 1/2003 of 29 January): *Article 47 of the Constitution states that requisition and expropriation in the public interest may only be done pursuant to the law.*

Commercial Code (Law of 28 June 1888)

Limited Liability Companies Act (Law of 11 April 1901)

Law no. 13/92 of 15 October: Investment Code

Decree Law no. 62/95 of 31 December: *Creation, Registry and Operation of Offshore Banks*

Law no. 3/91 of 31 July: *Institutional Legal Framework Governing State Lands*

Decree Law no. 74/95 of 31 December: Regulations for Control of Tax Incentives

Decree no. 7/2004 of 30 June: General Regime of Commercial Activity

Decree Law no. 47/98 of 31 December: Terms of Eligibility and Practice of Insurance Activities

Law no. 9/92 of 3 August: Financial Institutions Act

Decree Law no. 61/95 of 31 December: Free Trade Law

Decree no. 33/98 of 10 November: Free Trade and Offshore Activities Code

Decree Law no. 70/95 of 31 December: Offshore Stock Corporations Law

Decree Law no. 62/95 of 31 December: Offshore Banking Law

Order of the Minister of Trade, Industry and Tourism of 17 June 2003:

Offshore Activities Registration Office

Law no. 4/2001 of 31 December: Industrial Property Act

Decree no. 6/2004 of 30 June: Industrial Property Regulations

Law no. 3/2004 of 2 July: Telecommunications Act

Law no. 4/2000 of 23 August: Oil Activities Law

Decree Law no. 3/2004 of 18 June: National Petroleum Council

Decree Law no. 5/2004 of 30 June: National Petroleum Agency of São Tomé & Príncipe

Law no. 8/2004 of 30 December: Oil Revenue Law

B. Labor

Law no. 2/79 of 30 June: Social Security Act

Law no. 4/92 of 28 May: Strikes Act

Law no. 5/92 of 28 May: Labor Union Act

Law no. 6/92 of 11 June: Legal System for Individual Employment Terms

C. Environment, Fisheries and Lands

Law no. 10/99 of 31 December: Framework Law on the Environment

Law no. 11/99 of 31 December: Legal System for the Conservation of Flora, Fauna and Protected Areas

Law no. 5/2001 of 31 December: Forests Act

Law no. 9/2001 of 31 December: Fishing and Fisheries Resources Act

Law no. 3/91 of 28 June: Institutional Legal Framework Governing State Lands

Decree Law no. 51/91 of 3 October: Land Usage Regulations and Distribution Criteria

Decree no. 30/92 of 5 August: Regulations on the Distribution of Agricultural Land

D. Taxes and Contributions in São Tomé and Príncipe

Income tax

- Decree Law no. 9/93 of March
- Decree Law no. 84/93 of 31 December
- Decree Law no. 46/93 of August
- Decree Law no. 58/95 of 31 December
- Decree Law no. 40/96 of 29 October
- Order no. 16/98 of 29 December

Wage Tax

- Decree Law no. 11/93 of 5 March
- Decree Law no. 64/97 of 31 December

Tax on the Consumption of Local Goods and Importing of Merchandise

- Decree Law no. 20/76 of 30 June
- Decree Law no. 14/93 of 26 February
- Decree Law no. 33/76 of 27 August
- Decree Law no. 18/78 of 14 August
- Decree Law no. 47/91
- Decree Law no. 6/95
- Decree Law no. 25/97
- Decree Law no. 8/2005

Stamp Duty

- Decree Law no. 44/T/75 of 6 June
- Decree Law no. 12/76 of 19 April
- Decree Law no. 11/86 of 31 March
- Decree Law no. 26/86 of 29 August
- Decree Law no. 40/88 of 20 December
- Decree Law no. 15/93 of 5 March
- Decree Law no. 81/93
- Decree Law no. 7/2005

Motor Vehicle Tax

- Decree Law no. 13/93 of 5 March
- Decree Law no. 84/93
- General Tax Code
- Decree Law no. 10/93 of 26 February

Urban Building Contribution

- Legislative Diploma no. 450 of 8 September 1954
- Decree Law no. 57/81 of 28 November
- Decree Law no. 16/93 of 5 March
- Decree Law no. 45/93 of 10 August
- Decree Law no. 40/96 of 29 October
- Decree Law no. 17/93 of 26 February

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